

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 25-26, 2005

Reference No.: 3.10
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: William D. Bronte
Acting Chief
Division of Rail

Ref: **FY 2004-05 3rd QUARTER RAIL OPERATIONS REPORT**

SUMMARY

This is the FY 2004-05 3rd Quarter Intercity Rail Operations Report requested by the California Transportation Commission (Commission). The report provides information for each route on ridership, farebox ratio, passenger miles per train mile, and on-time performance measures.

California provides financial and administrative support for Amtrak intercity rail passenger service on three corridors within the state: the *Pacific Surfliner Route* between San Diego, Los Angeles, and San Luis Obispo, the *Capitol Corridor* between the Sacramento region, Oakland, and San Jose, and the *San Joaquin Route* to Bakersfield from both Oakland and Sacramento. These routes are, respectively, the second, third, and fifth busiest routes in the entire national Amtrak system. State support for the *Pacific Surfliner* and *San Joaquin* routes is administered by the Department of Transportation (Department), while support for the third corridor is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided through the Department.

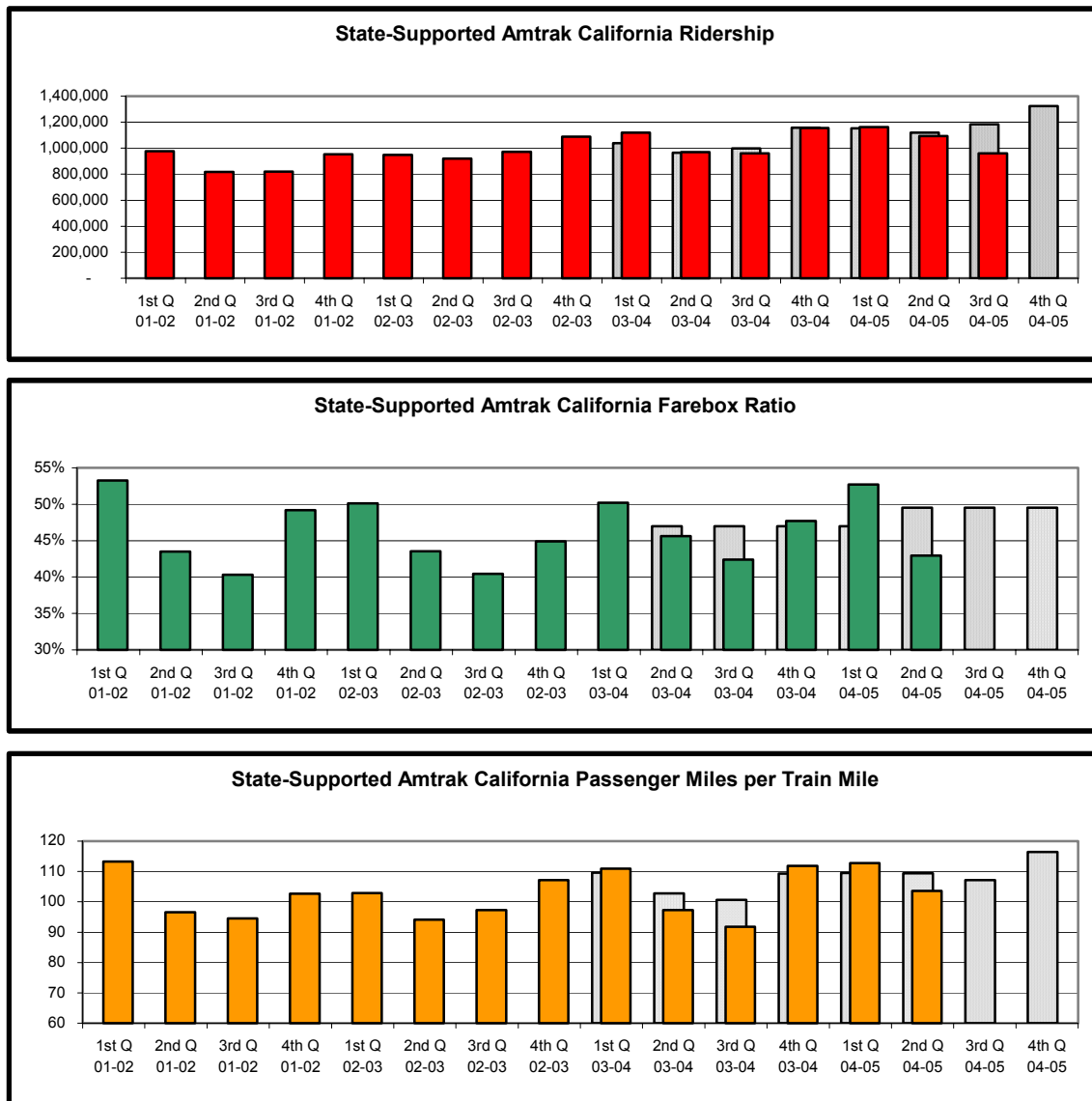
The *Pacific Surfliner* and *San Joaquin* routes both suffered major service disruptions during the third quarter, and performance on both routes suffered accordingly. The *Capitol Corridor*, on the other hand, remained trouble-free, and the route again set ridership and revenue records. All three routes benefited by the fact that the Easter vacation travel period occurred during the third quarter this year, while it was in the fourth quarter last year.

Total ridership during the third quarter on the three routes remained statistically unchanged, increasing by exactly 20 riders over the comparable quarter in FY 2003-04. Ridership was, however, 18.7 percent below the Business Plan projection for the quarter. Complete financial information for the third quarter is not yet available from Amtrak. However, for the second quarter of the fiscal year (October-December 2004) combined revenues increased by 12.1 percent over the same period the year before, exceeding the Business Plan projection by 15 percent, and the overall combined farebox ratio went up 1.8 percentage points.

Intercity Rail 3rd Quarter Operations Report for FY 2004-05

Passenger Miles per Train Mile (PM/TM), a measure of the average number of passengers on board an individual train at any one time, was 103.6 for the second quarter of FY 2004-05, 6.6 percent above the same period the prior year, but 4.6 percent below the Business Plan projection.

The following graphs depict the combined results of the three State-supported rail corridors in California. Route-specific charts are in the sections for each route that follow:

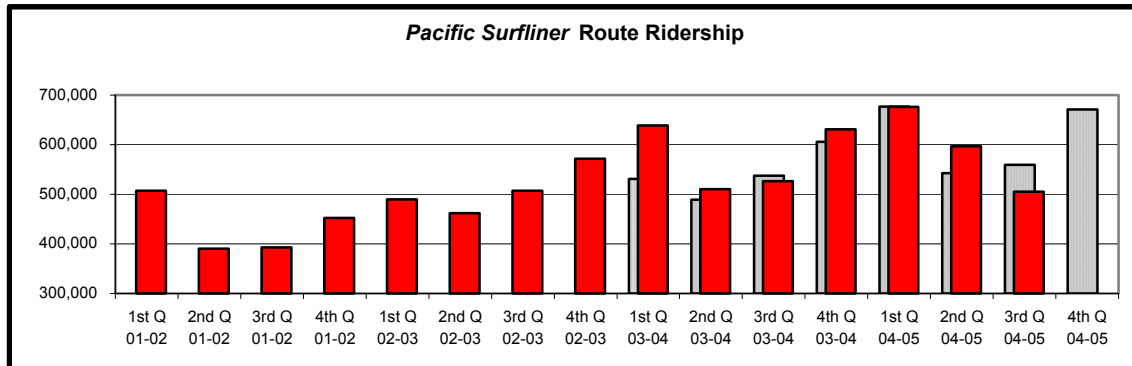


Note: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projection

Intercity Rail 3rd Quarter Operations Report for FY 2004-05

Pacific Surfliner Route

There are currently eleven weekday round trips between Los Angeles and San Diego, four of which are through trains between San Diego and Goleta (Santa Barbara). One of the four Santa Barbara round trips continues north to and from San Luis Obispo. A second San Luis Obispo train, which operates only between Los Angeles and San Luis Obispo, was instituted November 17, 2004, bringing the total level of service north of Los Angeles to five round trips daily. This second San Luis Obispo train replaced a weekend only Los Angeles-Santa Barbara train.



Performance on the *Pacific Surfliner* route was severely impacted by a series of storms in January. Southern California received record amounts of rainfall in a short period of time, and the rail line suffered numerous washouts north of Los Angeles. Service between Los Angeles and Santa Barbara was suspended for almost a month, from January 9 to February 6, and service through to San Luis Obispo was not restored until February 26, almost seven weeks after the initial closure. In addition, service south of Los Angeles was suspended for three days in January because of a mudslide near San Clemente.

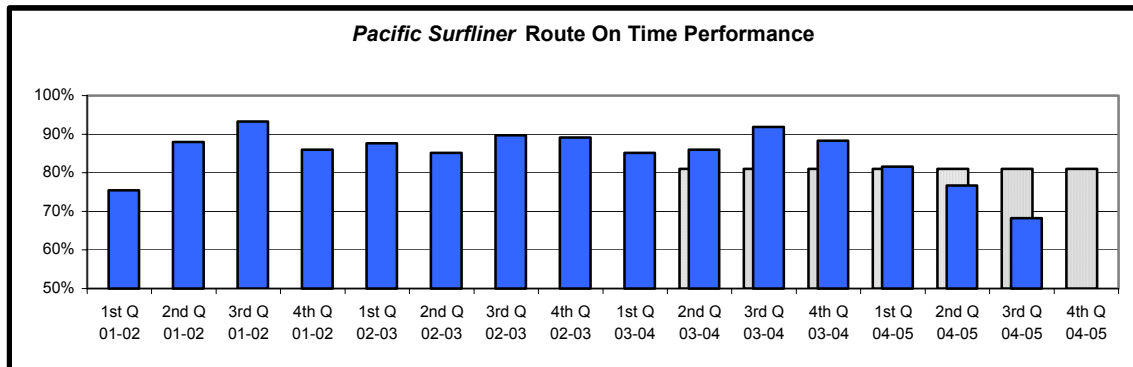
As a result of the service disruptions, ridership dropped almost 15 percent in January and February. Total ridership for the third quarter declined 4.1 percent compared to the same quarter the previous year, and ridership was 9.8 percent below the Business Plan projection. For the entire fiscal year to date, however, 2004-05 is still 5.4 percent ahead of 2003-04.

The “Rail 2 Rail” Program, in which Amtrak partners with both Metrolink and Coaster for the mutual honoring of tickets, continues to help spur ridership increases on all three services. More than 40,000 passengers per month are taking advantage of this Program, demonstrating that the increased convenience of being able to use either of two systems at all stations from Oxnard south has made rail travel much more attractive throughout the Los Angeles basin. In addition to the “Rail 2 Rail” Program, targeted marketing to the senior and Hispanic markets is also contributing to the higher ridership and revenue on the corridor.

Intercity Rail

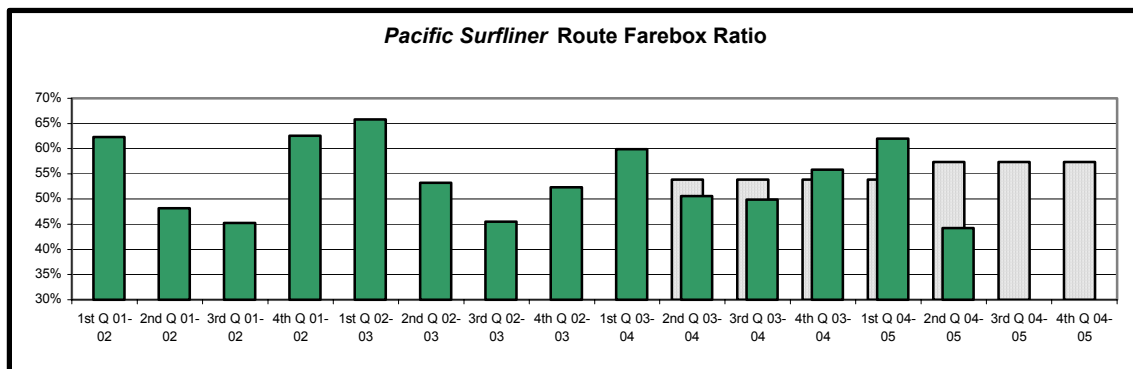
3rd Quarter Operations Report for FY 2004-05

Pacific Surfliner Route (continued)



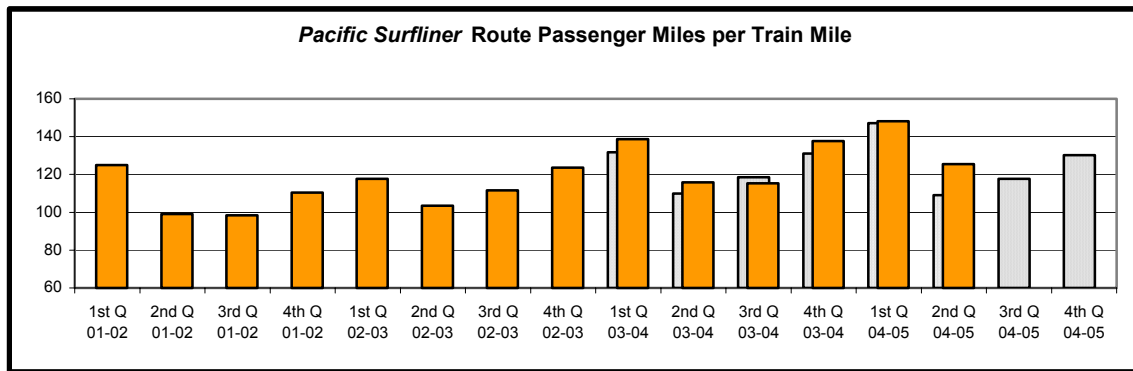
On-time performance for the third quarter fell to 68 percent. This is below the Business Plan projection of 81 percent and can be attributed to the weather-caused service disruptions. Even after the various segments were reopened, extensive slow orders remained while rehabilitation work continued.

As noted in the summary, complete financial information for the third quarter is not yet available from Amtrak, so performance results for the second quarter of the fiscal year (October-December 2004) are discussed here. Third quarter financial performance, reflecting the weather-caused disruptions, will be discussed in the next quarterly report. *Pacific Surfliner* revenues for the second quarter increased 14.1 percent over the same period the previous year (ridership had increased 16.9 percent). Expenses grew only 5.7 percent during the same period, yielding a 4 point increase in the farebox ratio, to 54.6 percent.



Intercity Rail 3rd Quarter Operations Report for FY 2004-05

Pacific Surfliner Route (continued)



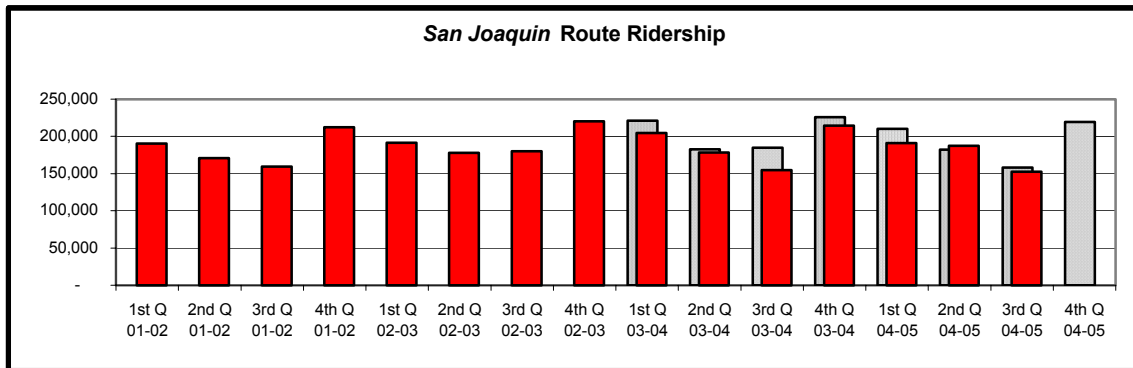
Passenger Miles per Train Mile (PM/TM) for the second quarter (October-December 2004) increased from 116 last year to 125 this year, an improvement of 7.8 percent. The growth in this indicator is less than the 16.9 percent growth in ridership for the same period, indicating that additional passengers, on average, are taking shorter distance trips. This is, at least in part, an effect of the “Rail-2-Rail” Program that brings short-distance Metrolink and Coaster riders onto the Amtrak trains.

Intercity Rail

3rd Quarter Operations Report for FY 2004-05

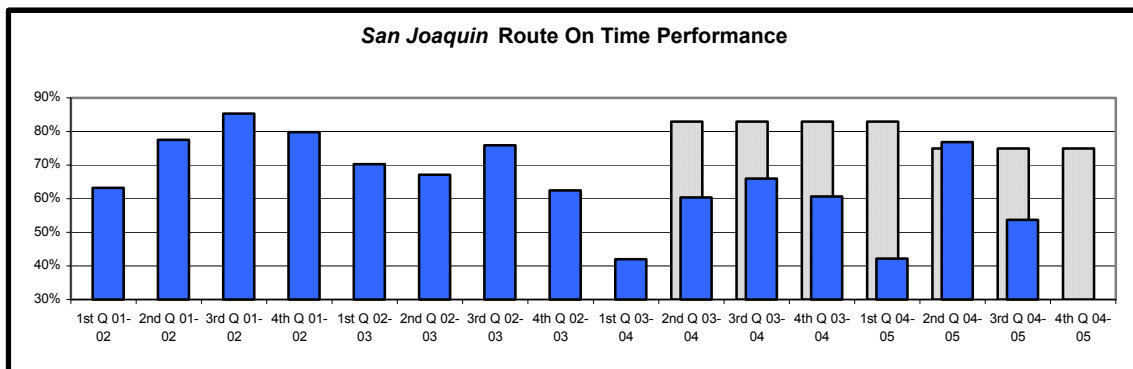
San Joaquin Route

There are currently six daily train round trips serving the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two between Bakersfield and Sacramento. All six round trips have dedicated bus connections between Bakersfield and Los Angeles and other points throughout Southern California. On the north end, similar buses to and from Stockton connect Sacramento with Oakland trains and San Francisco/Oakland with Sacramento trains, thus providing six daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to communities throughout the north end of the State.



The BNSF Railroad conducted a major track rehabilitation project between Fresno and Richmond in January and February, and all train service was suspended north of Fresno from January 23 through February 11. Normal schedules were operated from Fresno south, and special buses served the major stations north of Fresno. Even after restoration of complete train service, the route continued to be plagued by extensive slow orders and freight train congestion (the latter was due in part to a Union Pacific rehabilitation project on the joint line east of Bakersfield).

Despite the disruption, ridership increased slightly in January, then fell in February but recovered in March. Total ridership for the third quarter (January-March 2005) of FY 2004-05 decreased only 1.3 percent compared to the same quarter the year before, falling short of the Business Plan projection by 3.5 percent.

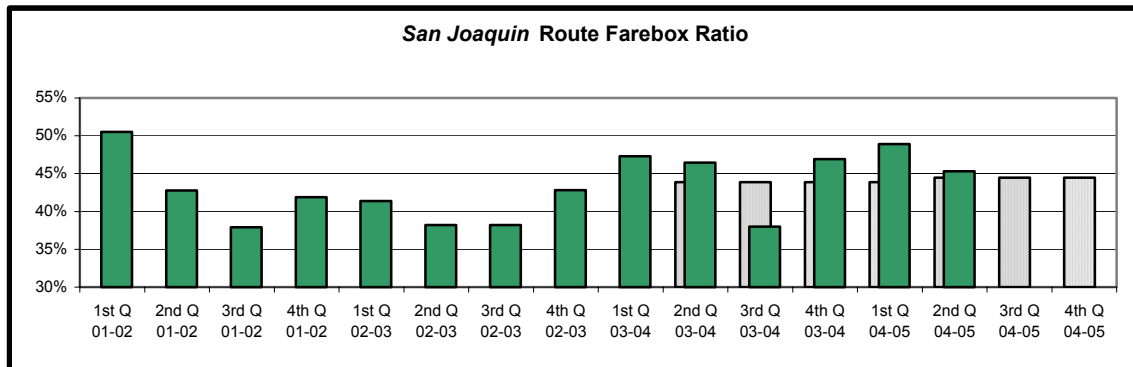


As a result of the trackwork project and its lingering aftereffects, on time performance (OTP) in the corridor fell to 54 percent in the third quarter. It has been slowly improving however.

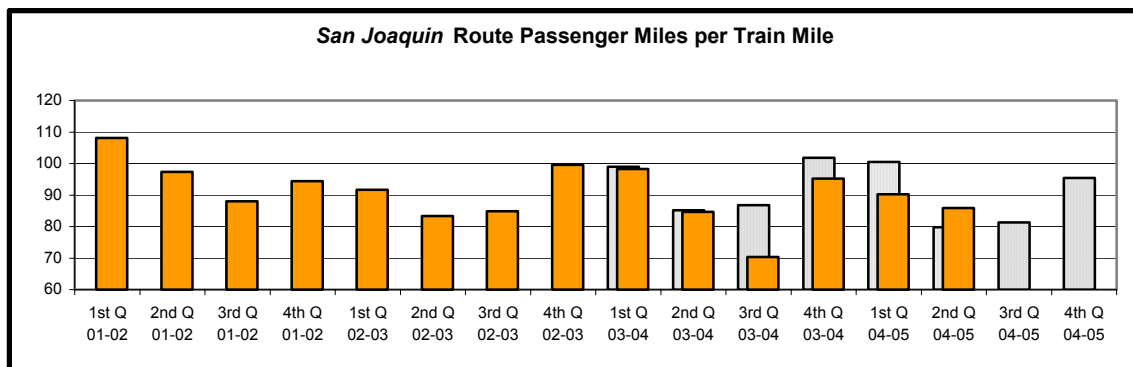
Intercity Rail

3rd Quarter Operations Report for FY 2004-05

San Joaquin Route (continued)



As noted in the summary, complete financial information for the third quarter is not yet available from Amtrak, so performance results for the second quarter of the fiscal year (October-December 2004) are discussed here. Third quarter financial performance, reflecting the track blitz disruption, will be discussed in the next quarterly report. The *San Joaquins* posted a farebox ratio of 45.3 percent in the second quarter, down 1.2 points from the same period in FY 2003-04, but slightly above the 44 percent farebox recovery ratio projected for the year in the Business Plan. Although revenues in the first quarter were 7.3 percent higher than the comparable period the previous year, expenses rose by 10 percent, resulting in a lower farebox recovery.



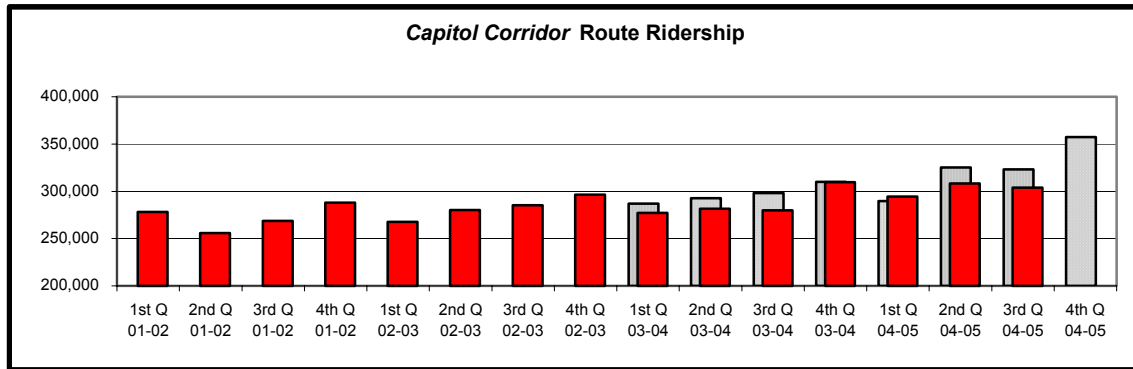
Passenger Miles per Train Mile (PM/TM) for the second quarter of the fiscal year were 85.9, up 1.5 percent from the 84.6 PM/TM generated during the same period of the previous fiscal year.

Intercity Rail

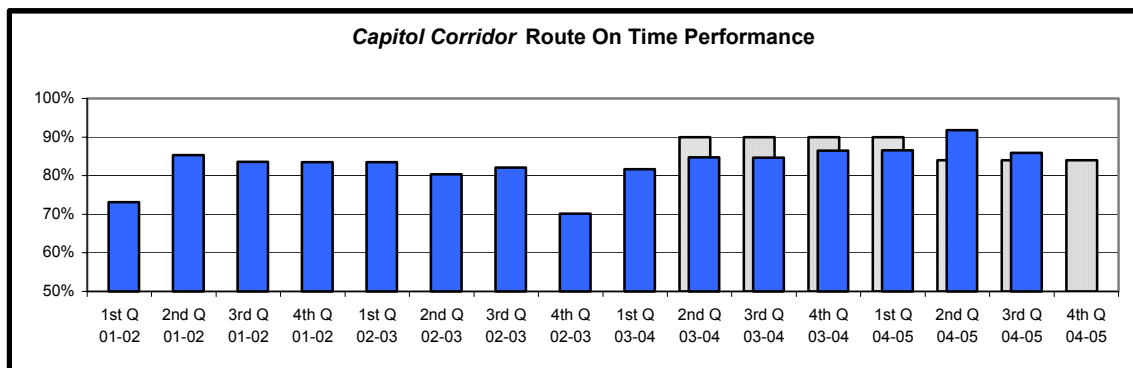
3rd Quarter Operations Report for FY 2004-05

Capitol Corridor

There are currently twelve weekday round trips between Oakland and Sacramento. One round trip each day continues to and from Auburn, and four round trips extend beyond Oakland to San Jose. On weekends there are nine Sacramento-Oakland round trips, with six round trips extending to San Jose and one to Auburn.



The *Capitol Corridor* was not beset with significant disruptions, as were the other two routes, and again set ridership records in all three months of the quarter. The service has now marked 19 consecutive months of ridership records, and March was the highest single month in the history of the service. Total ridership for the third quarter (January-March) of FY 2004-05 increased 8.5 percent compared to the same quarter the year before but was 6.1 percent below the quarter's projection in the Business Plan.

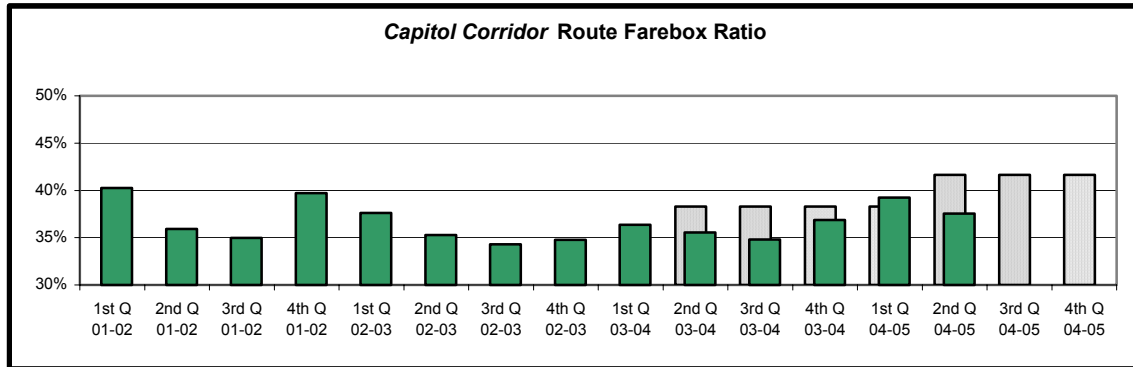


On time performance was 86 percent in the third quarter. Although the improvement achieved in the second quarter was not repeated, this was slightly higher than the same quarter the previous year and above the *Capitol Corridor's* Business Plan projection of 84 percent. Working together, the Capitol Corridor Joint Powers Authority and Union Pacific Railroad have identified a number of measures to address the on-time performance issues. These efforts, coupled with the completion of current and scheduled track improvements, should reduce interference problems and bring on-time performance up to the goal of 90 percent.

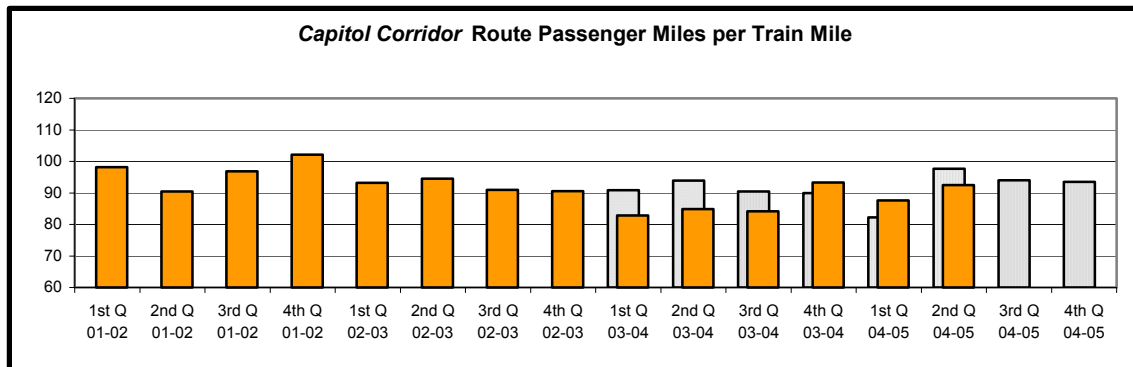
Intercity Rail

3rd Quarter Operations Report for FY 2004-05

Capitol Corridor (continued)



As noted in the summary, complete financial information for the third quarter is not yet available from Amtrak, so performance results for the second quarter of the fiscal year (October-December 2004) are discussed here. Revenues for the second quarter were 15.6 percent above the same period the prior fiscal year. During the same time, expenses for the quarter increased 9.5 percent, and the farebox ratio improved 2.0 points to 37.5 percent.



Passenger Miles per Train Mile (PM/TM) improved from 84.9 to 92.4 during the second quarter, an increase of 8.2 percent, while average trip length remained almost the same at 68.4 miles.